NDAA 2012 Section 818

Further Implementation for Trusted Suppliers

March 27, 2014

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What does Section 818 (c)(3) require whenever possible?

- Government and Contractors shall buy in-production electronic parts direct from authorized suppliers, or one level removed via trusted suppliers.
- Government and Contractors shall buy obsolete parts from trusted suppliers.
- If the above can't be met, there shall be inspection, test, and notification of DoD.
- Government shall establish qualification requirements for trusted suppliers.
- Contractors may also identify trusted suppliers.

Contractors:

- must use established industry standards,
- are responsible for authenticity, and
- choices may be reviewed/audited by Government.

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What DO we require of trusted suppliers via DFARS 2012-D055 (May 16, 2013)?

- Contractors' Counterfeit Electronic Part Avoidance and Detection System must address the use and qualification of trusted suppliers.

What CAN we require of trusted suppliers?

- Avoidance (supply chain management)
- Detection (inspection and test)
- Containment (do not return)
- Notification (to customer)
- Reporting (to GIDEP)

Trusted suppliers are currently 'defined' by DoD (DLA, MDA, Navy, etc.), Prime Contractors, and Subcontractors. How consistent is this?

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Avoidance

- We should tell our trusted suppliers to buy from authorized suppliers as a first priority (whenever possible).

Detection

- We should tell our trusted suppliers how, what, and where to inspect and test parts for authenticity.

Containment

- We should tell our trusted suppliers not to return suspect counterfeit electronic parts.

What does ‘whenever possible’ mean? Last resort? Schedule? Budget? Non-competitive? What is the impact of requiring full manufacturer’s warranty for all electronic part purchases?

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Notification

•DFARS 2012-D055 requires DoD notification when suspect counterfeit electronic parts are installed, but not when the contractor plans to buy from untrusted suppliers.

Reporting

•We should tell our trusted suppliers that we expect them to report suspect counterfeit electronic parts to GIDEP.

Audits/Review

•We should tell our auditors what to require in a trusted

Electronic parts intended for DoD systems are seldom reported to GIDEP if they are detected by the 'trusted supplier'. Why?

•Contractor does not own the parts

•Trusted supplier fears retaliation from a valuable supplier

•Stigma

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We should explore the potential flow down (to trusted suppliers) of every subcontractor anti-counterfeit requirement.

THANK YOU